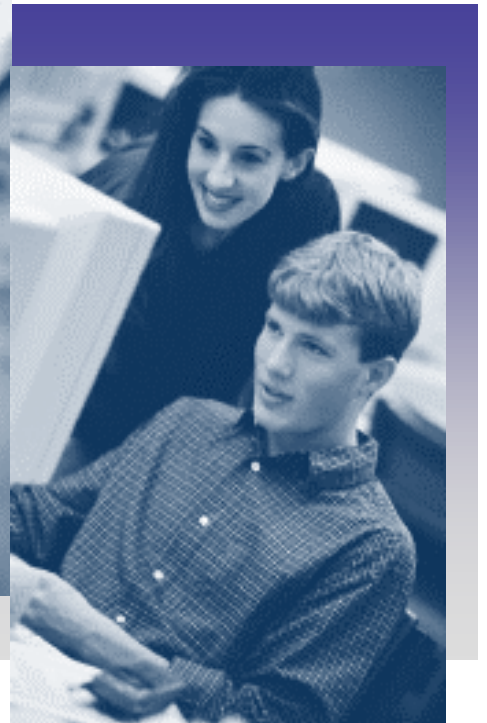


HECB 2003-05 Higher Education Budget and Revenue Recommendations



**Senate Higher
Education Committee
January 16, 2003**

W A S H I N G T O N
**H I G H E R
EDUCATION**
C O O R D I N A T I N G B O A R D

Current situation calls for a *major* state investment in higher education:

- 1. Significant over-enrollment**
- 2. Demand will only increase**
- 3. Erosion of state funding**
- 4. Large tuition hikes burden students and families**

1. Significant over-enrollment

Washington's public colleges and universities were over-enrolled by the equivalent of 12,300 full-time students in 2001-02, and projections are for over-enrollment of about 16,600 FTEs in 2002-03

Community and technical colleges	12,400
Four-year institutions	<u>4,200</u>
Projected 2002-03 over-enrollment	16,600

2. Demand will only increase

- The size of the prime college-going population (17- to 29-year-olds) is expected to increase 15% during the next 8 years
- By 2010, Washington state will need more than 33,600 additional state-funded enrollments (FTEs) *just to keep pace with population growth*

3. Erosion of state funding

- In the past decade, state support has declined by 9% per student at four-year institutions
- Qualified students are turned away for lack of funding, resulting in growing waiting lists and class-closed lists
- Overall, funding is well below the average of comparable institutions

Comparisons to peer averages

State and local appropriations per FTE student

	<u>Institution</u>	<u>Peer Average</u>
UW – all campuses	\$9,223	\$12,148
WSU – all campuses	\$9,737	\$11,283
Comprehensives	\$5,350	\$ 6,254
Community & Tech Colleges	\$4,123	\$ 5,296

Based on 2001 data

4. Large tuition hikes shift burden to students and families

- Over last 10 years, tuition increased more than 100% -- twice as fast as personal income, and four times the rate of inflation
- Students and families are paying an increasing share of educational costs
- Student debt is increasing, and many students are being priced out of college

The HECB's 2003-05 operating budget recommendation responds to all of those factors by emphasizing:

- 1. New enrollments**
- 2. Restoration of 'core' funding**
- 3. Enhanced financial aid**

1. New enrollments: \$204 million

	<u>2-year</u>	<u>4-year</u>	<u>Total</u>
Maintain current service level	5,309	5,842	11,151
Targeted CTC enrollments	3,420		3,420
Subtotal	8,729	5,842	14,571
HECB high-demand pool (both 2-year and 4-year)			1,000
Total New FTE Enrollments			15,571

2. Core funding

\$797 million

Benchmark per student funding to the average of comparable institutions nationwide (peer average)

Restoring core funding will pay for salary increases, recruitment and retention, facility maintenance, student support and other expenses

3. Financial aid

\$103 million

Restore grants and scholarships eroded by past tuition increases and budget cuts	\$28 m
Keep up with future tuition hikes <i>(6.75% per year used for estimate)</i>	\$27 m
Achieve HECB goals for State Need Grants and Promise Scholarships	\$33 m
Provide financial aid for new enrollments	\$15 m
Total	\$103 m

Operating budget summary

1. New enrollments	\$204 m
2. Restore core funding	\$797 m
3. Financial aid	\$103 m
2003-05 Operating Budget Total	\$1.1 billion

Revenue to support HECB budget recommendation

- 1. HECB recommends state revenues be increased about \$500 million per year**
- 2. New revenue roughly equivalent to annual return on half-cent increase in sales tax**
- 3. There are many other sources of funding, and HECB 'does not recommend any particular revenue option'**
- 4. The board is committed to working with the Legislature and Governor to identify new revenue for higher education**